

## BLANTYRE HOTELS PLC

Blantyre Hotels Plc, "The Company"  
Incorporated in Malawi on 29 October 1965  
Company Registration Number 178

### PRESS ANNOUNCEMENT IN RESPECT OF THE PROPOSED K4.2 BILLION SHAREHOLDERS' LOAN

Blantyre Hotels Plc ("BHL") is a company incorporated in Malawi under the Malawi Companies Act (Chapter 46:03 of the Laws of Malawi). It operates in the hospitality industry in Malawi with one property, Protea Ryalls Hotel, based in Blantyre, under a management agreement with Marriott International. The shareholder profile for BHL is such that there is no single shareholder with a majority shareholding, but the three significant shareholders own a combined 92.79% of the company.

The shareholding of Blantyre Hotels Plc as at 31 December 2022 is as follows:

	Number of shares	Shareholding proportion
NICO Life	288,370,392	34.34%
Africap LLC	269,979,852	32.15%
Press Trust	220,854,435	26.30%
Other	60,546,026	7.21%
<b>Total</b>		<b>100%</b>

BHL is looking to expand its operations and in line with this strategy, the company is involved in a hotel construction project in Lilongwe. Prior to BHL's involvement in the new hotel project, a feasibility study was conducted, and it was established that Lilongwe was an ideal location for a new hotel. The hotel property development is being implemented through a special-purpose vehicle, Oasis Hospitality Limited ("Oasis"), which is owned by institutional and pension fund investors, including BHL. BHL has a 20.8% stake in Oasis.

BHL planned to raise funding for its commitments on the Lilongwe hotel project through a rights issue. Due to the impact of Covid-19 on the hospitality industry, the rights issue was deferred to allow for the recovery of BHL's hotel operations. The 2023 projections indicate that the hotel operations are recovering and are expected to return to pre-Covid levels.

In order to participate in the equity raise of Oasis, BHL obtained a facility of K4 billion from National Bank of Malawi plc ("NBM"). The facility had a moratorium of two years and the first repayment was due on 28 April 2023. The moratorium has since been extended and the first repayment is now due on 31 August 2023. The facility is secured with a charge on the Ryalls Hotel property, which is currently valued at K8.8 billion. The postponement of the rights issue and the late commencement of the construction project has impacted BHL's capacity to service the NBM facility.

To fund BHL's current commitments on the NBM facility and the Lilongwe hotel project, the Board resolved to approach BHL's significant shareholders to provide a shareholders' loan. The shareholders' loan would be on terms, among others, that a shareholder will have an option to convert the loan into equity when BHL conducts a rights issue.

The Board now proposes to obtain the K4.2 billion shareholders' loan in order to service the K4 billion NBM facility and to fund BHL's further commitments on the Lilongwe hotel project.

The shareholders' loan is, in principle, an advance by the significant shareholders for the expected equity offering in BHL through a rights issue. The expected funding to be raised by BHL in the rights issue is between K12.1 billion and K15 billion and will be confirmed when the process for the offering commences in 2024. The shareholders' loan, therefore, represents between 28% and 35% of the expected capital requirement. The Board recommended that the interest rate for the shareholders' loan should be the 364-days Treasury Bill yield.

The benefits of the proposed transaction to the shareholders are the upside returns expected from the Lilongwe hotel operations through dividends.

The shareholders' loan, being a related-party transaction, must comply with the Malawi Stock Exchange Listing Requirements. BHL requires the funding to be in place by the expiry of the moratorium of the NBM facility. In this regard, the Board of Directors propose that the shareholders approve a shareholders' loan of up to K4.2 billion. The shareholders' loan will be advanced by NICO Life Insurance Company Limited and Africap LLC, with the shareholders providing K1.11 billion and K1.0 billion, respectively. BHL will obtain the loan in tranches and the first tranche will amount to K2.11 billion, which will be channeled to the NBM facility. The balance of K2.09 billion will be accessed by 31 December 2024, to meet the commitments of the Lilongwe hotel project. The proposed transaction requires approval by ordinary resolution of the shareholders at a general meeting prior to implementation of the proposed transaction. It should be noted that NICO Life Insurance Company Limited and Africap LLC (and their associates, if any) will not be taken into account in determining a quorum at the general meeting and they will also not be allowed to cast their votes in relation to the proposed transaction.

The loss after tax for the company (attributable to owners of the company) based on audited accounts in 2021 and 2022 was K752 million and K329 million, respectively. Assuming the shareholder's loan was accessed, the adjusted loss after tax would have been K657 million and K233 million in 2021 and 2022, respectively. The effects of this transaction on the pro-forma net asset value and earnings per share have been disclosed in the following table:

	Audited 2021	Pro-forma 2021	Audited 2022	Pro-forma 2022
Loss after tax (K'000) – attributable to the owners of the company	(751,839)	(657,059)	(329,301)	(233,461)
Earnings per share (K) – attributable to the company	(0.90)	(0.78)	(0.39)	(0.28)
Net asset value (K'000) – attributable to the equity holders of the company	6,492,878	6,587,658	6,610,844	6,801,464
Net asset value per share (K)	7.73	7.84	7.87	8.10

Please note that BHL will issue a circular for the proposed transaction to its shareholders in compliance with the Malawi Stock Exchange Listing Requirements.

For more information, please do not hesitate to consult the Company Secretary.

Dated 31 July 2023

**By Order of the Board**  
NICO Asset Managers Limited  
Company Secretaries

#### BOARD OF DIRECTORS

Mrs. Emily Makuta (Chairperson)  
Address: P. O. Box 501, Blantyre, Malawi.

Mr. Andrew Katimba (Independent and Non-Executive Director)  
Address: P. O. Box 430, Blantyre, Malawi.

Ms. Chikondi Ng'ombe (Independent and Non-Executive Director)  
Address: Area 29, Kanengo Industrial Site, Lilongwe, Malawi.

Mr. Elias Azele Malion (Non-Executive Director)  
Address: P/Bag 359, Capital City, Lilongwe, Malawi.

Mr. Rob Scharar (Non-Executive Director)  
Address: 791Town & Country Blvd, Suite 250, Houston, Texas, USA.

#### DETAILS OF ADVISORS



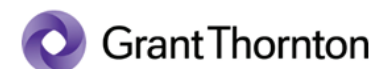
Transaction Manager



Transaction Advisor



Legal Advisor



Independent Financial Advisor

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